

Message Text

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TO USMISSION OECD PARIS IMMEDIATE

INFO AMEMBASSY BONN

AMEMBASSY ROME

AMEMBASSY TOKYO

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY THE HAGUE

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LIMDIS GREENBACK

E.O. 11652:

TAGS: EFIN

SUBJECT: SOLIDARITY FUND NEGOTIATIONS

REF: PARIS 6933

FOR COOPER

1. GIVEN VIEWS OF FRENCH AND OTHERS, YOU MAY AGREE TO
REQUIREMENT OF UNANIMITY INSTEAD OF 75 PERCENT MAJORITY FOR
DECISIONS ON EXTENSION OF INITIAL TWO YEAR LIFE OF FUND OR
INCREASE IN QUOTAS.

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2. WE STRONGLY OPPOSE HAGUE COURT INTERPRETATING AGREEMENT

ON FUND. ON BALANCE, OUR PREFERENCE WOULD BE EITHER
ALTERNATE C OR D OF ARTICLE XVIII IN FEBRUARY 20 VERSION OF
DRAFT AGREEMENT AS BEST WAY TO HANDLE DISPUTES. ALTERNATIVE
B WOULD HOWEVER BE ACCEPTABLE IF MAJORITY OF OTHER COUNTRIES
STRONGLY FAVOR IT. UNWEIGHTED VOTING FEATURES OF ALTERNA-
TIVE A WOULD BE UNACCEPTABLE TO US.

3. REGARDING RELATIONSHIP OF NEW FUND TO OECD, WE STILL
SEE FUND AS BODY SEPARATE FROM BUT ASSOCIATED WITH OECD.
IN GENERAL, FOLLOWING THIS CONCEPT, WE PREFER ARRANGEMENTS
PARALLELING THOSE BETWEEN IEA AND OECD. WITHIN THIS CON-
TEXT, HOWEVER, YOU CAN BE FLEXIBLE ON SOME INDIVIDUAL POINTS

IN ORDER ACHIEVE FINAL AGREEMENT ON TEXT THIS WEEK. COM-
MENTS ON SPECIFIC ISSUES FOLLOW.

(A) AS WE UNDERSTAND IT, THERE IS LITTLE SUPPORT FOR
JAPANESE PROPOSAL THAT OECD COUNCIL MERELY RECOMMEND
ESTABLISHMENT OF FUND. COUNCIL DECISION SETTING UP FUND
FOLLOWS PRACTICE IN SETTING UP IEA. DRAFT ALONG LINES
THAT CONTAINED IN OECD PARIS 04130 APPEARS GOOD PROCEDURE.

(B) WE WOULD PREFER THAT SECRETARIAT OF FUND BE SOMEWHAT
DISTINCT FROM OECD SECRETARIAT. WORDING IN SECTION 6 OF

ARTICLE XIV THAT FUND STAFF "WILL BE PROVIDED" BY OECD
SECRETARIAT BEST FITS THIS CONCEPT. HOWEVER, WE WOULD
HAVE NO OBJECTION TO ARTICLE XIV SECTION 3 SUB-PARA C,
WHICH WOULD LET SEC GEN OR ALTERNATE PARTICIPATE WITHOUT
VOTE IN GOVERNING COMMITTEE SESSIONS.

(C) EXCLUDING OECD FROM NAME OF FUND IS CONSISTENT WITH IT
BEING ASSOCIATED WITH OECD BUT NOT FORMALLY PART OF OECD
MACHINERY. WE COULD, HOWEVER, ACCEPT INCLUSION OF OECD
IN NAME IF OTHERS INSIST ON IT.

(D) INCLUDING ADMINISTRATIVE EXPENDITURES OF FUND IN PART
II OF OECD BUDGET, AS IS DONE IN CASWWE OF IEA, WOULD BE
ACCEPTABLE AS LONG AS IT IS CLEARLY UNDERSTOOD THAT IN
ACCORDANCE WITH NORMAL PRACTICE, NO CONTRIBUTION WILL
EXCEED 25 PERCENT.

(E) WE DO NOT FEEL STRONGLY ABOUT QUESTION OF LEGAL
IMMUNITIES AND PROVIDED YOU PERCEIVE NO SUBSTANTIVE
DIFFERENCES, WE COULD GO ALONG WITH EITHER ALTERNATIVE
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A OR B OF ARTICLE XV. KISSINGER

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